



# Strategic Regional Dialogue on Private Sector Development

## Compete Caribbean

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# OECS in Review

Fairly Strong Growth Performance of 1980s

During the 1990s the OECS experienced:

Contraction in the Agricultural Sector

Loss of World Market Share

Decline in Private Investment

OECS States ranked among the top 16 most highly indebted economies

Public Sector debt exceeded 100% of GDP





## OECS in Review Cont'd

Up to early part of second half of 2000 decade:

Improved GDP Growth rates

Resurgence in Tourism & Economic Diversification Strategies



OECS Today:

Four steady years of negative growth, below pre-crisis levels of performance.



# OECS TODAY

- Still reeling from Global crisis
- ECCB confirms four steady years of negative economic growth.
- Real GDP in 2012 declining by 0.1%
- Decline in the Construction, Tourism, Transport & Communications Sectors.





# OECS SME Profile

- Small, Family – Owned, Sole Proprietorships
- Non-Corporatized Informal Entities
- High Cost Structure
  - Diseconomies of scale
- Limited Knowledge in Advance Technology and Innovation
- Highly Leveraged
- Weak or non-existent Business Advocacy





# OECS Business Environment

- Human Resource Constraints
  - Labour Productivity.

## External Factors

- Macro-Economic Turbulence and Instability
  - Shrinking Fiscal Space & Taxation Pressures.
- High Costs for Energy and Transportation Infrastructure.



# OECS Business Environment cont'd

## External Factors

- Limited Range of Credit and Finance Instruments.
- Absence of Competition Policy
  - Absence of Institutions to safeguard against Unfair Trade Practices
- Small Domestic Markets
- High Cost of Raw Material, other Inputs and Resources
- Open Economies





# Strategic Framework/Actions

## **Economic Union - Single Economic Space**

### **COMMON INSTITUTIONS & APPROACH:**

- \*\*OECS Assembly with Legislative Competence on economic matters**
- \*\*Competition Commission; \*\* Common Registry;**
- \*\*Common Tourism & Agriculture Policy & Strategy; \*\*Convergence of Trade Policy.**



# Implications for Business



- Larger markets
- Production Integration – Pan OECS enterprises
- Common Arrangements & Ease of Doing Business.
- Ease of Movement of Persons, broader skills/labour pool.
- Single Regulatory Space (single registry for business, single financial space)



# Strategies for Private Sector Development



## MACRO ASPECTS

- Convergence of Fiscal Policies across the Economic Space
- Accelerate Reforms to Facilitate Doing Business



# Strategies for Private Sector Development Cont'd



## SECTORAL LEVEL

Target Growth drivers in Key Sectors

### 1. Tourism

- Cost-sharing marketing campaigns
- State-sponsored visitor Insurance;
- Drive down Regional Travel Costs
- Opening up of a Southern Visitor Source Market Front & VFR Campaigns.
- Design and Promote Regional Branding for Product differentiation



# Strategies for Private Sector Development Cont'd

## SECTORAL LEVEL

Target Growth drivers in Key Sectors

### 2. Agriculture

- High-value Products for Export
  - (ethnic foods for diaspora, organics)
- Strengthened Product Linkages with Tourism

### 3. Creative Industries (Audio-Visual)

- Business Development Support
- Intellectual Property Protection





# Strategies for Private Sector Development Cont'd.

## ENTERPRISE LEVEL

- Promote Public-Private Partnerships
- Increase Public Procurement for SME Products and Services



## Strengthening of SME Work programs in:

- Management Enhancement
- Product and Services Development
- Innovative Marketing Systems



# Obstacles to be Overcome

- Member countries common to Review
- Institutional
- Resource
- Tourism
- Underdeveloped Agriculture
- SME Capital models \ control and performance





**THE END**